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SUBJECT Espionage

TED KOPPEL: The list is impressive, former high-ranking U.S. Government officials who have been registered as foreign agents. It's legal, it's regulated. But does it serve the national interest?

Good evening. I'm Ted Koppel. And this is Nightline.

When foreign governments and clients hire former U.S. Government officials to represent them in Washington, what services are being bought? What information is being sold? And what ethical questions are being raised?

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KOPPEL: Our subject tonight is one that's intrigued me for more than eight years. It was back in 1977 that I first heard of an American citizen working for the government of Saudi Arabia as a consultant to their intelligence service, their equivalent of the CIA. What was particularly fascinating was the man's credentials. Until his retirement, he had served in Saudi Arabia, in Riyadh, as chief of station for the CIA.

That, admittedly, was an extraordinary case. But in further researching that story, I learned that many Americans who have served in prominent roles within the U.S. Government hire themselves out, upon retirement or change of Administrations, to foreign governments or foreign industries.

Which brings us to the subject of registered foreign agents, which is what these people are. And it's all absolutely legal.

Now, as Charles Gibson explains for us, there is a difference between registered foreign agents and public relations agents. It's largely a question of what the client is buying.

CHARLES GIBSON: Pomp and circumstance. President Junius Jayewardene of Sri Lanka came calling at the White House last year on a state visit with issues of state to discuss, but some other issues, frankly, he'd just as soon not discuss.

LARRY COX: We had that same week, by coincidence, issued a report on what we call extra-judicial killings, which other people simply call political murder, being committed by the troops of the government of Sri Lanka. That week, all that you read about President Jayewardene's visit was his presentation of an elephant to President Reagan.

Now, there is a public relations firm which obviously gave him very good advice.

GIBSON: Good public relations? Indeed. But it shouldn't come as any surprise.

Foreign governments and foreign businesses will spend almost \$200 million this year for representation in Washington. Public relations representation? Sure. But there's a lot more for sale in Washington. Also available to foreign governments and companies is the inside knowledge of some of Washington's biggest names, very big names.

You're looking at a form filed with the U.S. Government by a registered foreign agent. It was filed by William Colby, former head of the CIA. In this case, there's nothing sinister about the term "registered foreign agent." By law, anyone lobbying for a foreign government or company has to register that fact with the U.S. Government.

DENIS NEIL: The more I've dealt with it, the more comfortable I am with the concept of being a registered foreign agent. It simply means that I have to identify my client and my client's interests before I sit down with anyone and try to influence public policy.

GIBSON: Neil was a former senior State Department official. He now lobbies as a registered foreign agent for Jordan and Egypt.

Others? Well, Alexander Haig came out of government as Secretary of State and went into the business of representing countries like Antigua, Barbados, and Japan.

William Colby came out of the CIA and into a company

representing Singapore businessmen and Japanese business interests.

Richard Allen came out of his role as National Security Adviser and began representing Japanese business interests.

People who existed at the highest levels of government, with the highest levels of security clearance, now working for foreign companies or governments.

RICHARD ALLEN: I couldn't conceive of a situation in which, speaking of Brzezinski, Henry Kissinger, Al Haig, Mel Larid, or anyone else who happened to be -- happened to be working or communing with a foreign principal of any type, would pass information that was clearly classified. It's something we live with all our lives.

GIBSON: But this is not an issue of material that is clearly classified. This is not an issue like that presented in the case of the Walkers, who are accused of passing secrets to an enemy for money.

JOEL LISKER: It becomes less clear when you speak about someone who may have occupied a position which put them in possession of special information who then goes to work not for an adversary in the ideological or military sense, but a competitor in the economic sense.

GIBSON: Take some hypothetical situations, strictly hypothetical.

A Japanese business firm is seeking to sell video recorders in the U.S. market at a cheap price to drive out competition from U.S. firms and establish a preeminent position for Japan in the market. Might Japan hire a former government official and ask him how far it could go before the U.S. retaliated?

Or perhaps a foreign company might be considering heavy investment in Central America. Might that company hire a former State Department official and ask about U.S. military intentions in Central America? How secure is the region?

The question is, can the person hired make sure his answer does not involve classified information? Can he sort out and hold back secure data?

NEIL: The conflict really becomes more one of how you reconcile your own views of the national interest with your client's interest. And I think we're pleased that in each instance we've been able to do that.

ALLEN: If the notion is to be conveyed that people who work for foreign principals are somehow hired guns who take a fee to do whatever that client demands, then you would severely mislead the American public, and you'd mislead yourself.

GIBSON: But the critics say it is not at all that easy.

LISKER: While that person may not consciously ever do anything that would work to the detriment of the country, I believe that it is almost impossible for someone to make these distinctions on a day-to-day basis while serving that foreign client.

GIBSON: When at the Justice Department, Joel Lisker was in charge of oversight of those who registered as foreign agents. More than 800 are registered. Lisker figures another 2000 who do the same work are not. Lisker went after some of those who didn't register. The best known being Billy Carter, who received \$220,000 from Libya, but refused to register as an agent of the Libyan government until there was a threat of contempt of court.

But prosecutions are rare, almost nonexistent. And when registration is required, it is often in doubt.

Henry Kissinger, for example. The former Secretary of State advises a number of foreign clients on political and economic trends. He is a member of the President's Foreign Intelligence Advisory Board, and as such still has access to government intelligence. But Kissinger does not lobby for any clients, therefore he is not registered.

But, registered or not, the question remains: What are those foreign clients really buying?

ALLEN: There is a straightforward answer. What they should be buying is advice and guidance on how to solve either their problem or achieve their objective. And the presumption is, in every case, that any of us who have been public officials of any type work ultimately in the national interest.

GIBSON: This is not a new problem. The issue of how to represent foreign concerns in the American government has been around since the days of the Founding Fathers. George Washington may have started the debate almost 200 years ago in his Farewell Address. "History and experience," said Washington, "prove that foreign influence is one of the most baneful foes of republican government." An admonition with which government officials still contend.

KOPPEL: When we come back, a former Central Intelligence Agency officer and a former State Department official with

two sharply opposing views on what happens when individuals in Washington get involved in foreign entanglements.

ANNOUNCER: Japan tops the list of countries carrying on extensive lobbying efforts in the U.S., spending more than \$14 million last year, followed by Canada, West Germany, the Soviet Union, and Ireland.

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KOPPEL: Joining us live now in our Washington Bureau is Michael Ledeen, who has been a journalist, foreign policy adviser, and, under former Secretary of State Alexander Haig, government official. According to the Wall Street Journal, Mr. Ledeen also owned a consulting firm that did work for the Italian intelligence service in 1980 or '81.

With us in our Los Angeles Bureau, Frank Snepp, a former CIA analyst, who lost a major lawsuit to the Federal Government when he published an unauthorized book on the fall of Saigon. In a recent article, Snepp raised the question, why can former Pentagon and State Department officials use their experience when they leave government, while CIA agents are forbidden from doing so? And that is a question we will address in a moment.

But Mr. Ledeen, first of all, did you indeed own a consulting firm that consulted -- or that gave advice to or counsel to the Italian intelligence agency?

MICHAEL LEDEEN: I owned a consulting firm that did some work for the Italian government. I never counseled the intelligence agency.

KOPPEL: What kind of work?

LEDEEN: We did a risk assessment and we did a simulation, a crisis management simulation.

KOPPEL: When you talk about risk assessments, you have been in and out of government and in and out of the job of advising people in the U.S. government for years, almost as long as I've known you. Is it possible to draw a clear line between what you know from your work for the U.S. government and what you do in helping a foreign government?

LEDEEN: Well, in that case it as pretty simple. Because as of the time I did the work, I had never served in the U.S. government.

KOPPEL: But shortly thereafter you did.

LEDEEN: Yeah. But the issue is, was I sharing with

them information that I had a result of government service? And the answer is no, because I had had no government service.

KOPPEL: And you had done no consulting work for the U.S. government before that?

LEDEEN: None at all. And I had had no access to classified information.

KOPPEL: Now, if you had the opportunity to do such work again now, would you turn it down?

LEDEEN: I probably would. Yes.

KOPPEL: I wish you could be a little firmer about that. Would you?

LEDEEN: Well, I haven't had an offer. So it would depend on what the specific question was. But I think the odds are that I would turn it down.

KOPPEL: Do you have any general thoughts about the subject of registered foreign agents? And it's unfortunate that we have that particular phrase, because it sounds especially ominous. But do you have any problems with people who have been in high government office then selling their services, whatever those services may be, to foreign governments or industries?

LEDEEN: Yes, I do. But again, it depends on specific cases and it depends on whether what they're selling has to do with specifically what they did in government. And then it also depends on to whom they are selling it and what they're doing.

But I wanted to say that this problem is not going to be solved by registering them or by putting certain periods of time in between their government service and the time that they can do this sort of thing, because it's a problem that has existed since the dawn of time and will continue to exist, because the foreign governments are always going to try to get effective influence in Washington. And it seems to me that the real problem is getting mature people in Washington who know how to deal with this problem.

KOPPEL: Does it, Frank Snepp, have to do with maturity? In your case, for example, you couldn't do it if you wanted to, anymore, could you?

FRANK SNEPP: No, I can't. As a matter of fact, I have to, even when I'm writing fictional material, make sure that the CIA looks over it.

I think probably people in the intelligence business are

best trained of any government officials to protect secrets. If anybody's going to go into the consulting business and, I think, protect secrets, it would be people like William Colby and Richard Helms.

I'm troubled, though, by one of the remarks -- well, let me put it this way. There was here a rather simplistic view of the way secrecy works. In the course of my lawsuit, I discovered that secrecy and the government's theories of secrecy are nothing but Byzantine. The government, in my case, argued that it wasn't so much the matter of secrecy that counted, it was the matter of the appearance of confidentiality. What does that mean? It means that if I were to do something which made it appear that the government couldn't keep its secrets, that could have an adverse effect on the government.

KOPPEL: All right. Let me stop you for a moment.

SNEPP: By alienating some of our allies.

KOPPEL: Let me stop you for a moment, Frank, because what I'm more concerned about here is, why is it possible to stop you -- and you were, after all, a relatively low-level operative within the CIA. Why is it possible to stop you and not possible to stop, for example, a former Secretary of State or a former Assistant Secretary of Defense or, for that matter, a former Director of the Central Intelligence Agency? How does that work?

SNEPP: It's because the laws and the regulations are applied selectively.

But what I was driving is that we're all doing the same thing. If I am releasing into the public domain information, even unclassified, which might cause the government's security policies to be brought into question, the government says I am causing damage.

Well, any consultant who provides a foreign power or a foreign company with information, even unclassified, which makes it appear that this government can't control its secrets is causing damage, at least according to this Administration.

And the reason I get slammed, if you will, and Henry Kissinger doesn't, for committing this grievous sin of imperiling the appearance of confidentiality, the appearance that this government can't control its secrets, is, obviously, I'm way down the totem pole.

KOPPEL: Gentlemen, we're going to take a break. When we return we'll be talking with Joel Lisker, who headed the Justice Department unit which oversees registered foreign agents in the United States.

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KOPPEL: With us now live in our Washington Bureau, Joel Lisker, an FBI veteran and former Chief of the Justice Department's Foreign Agent Unit.

You probably know as much about this subject as anyone in Washington, Joel. What does a foreign government think it is buying, what does a foreign industry think it is buying when it pays 50 grand, 100 grand a year to some former Assistant Secretary of State or Assistant Secretary of Defense or CIA operative of one kind or another?

LISKER: Well, Ted, like any entity that hires an individual to perform services, it feels like it's buying the inside track, special access, special information, experience, hopefully at the senior government levels, which will ultimately inure to the benefit of that foreign principal.

KOPPEL: So, are they all being taken, they're all being suckered, none of them's getting what he thinks he is?

LISKER: Oh, I think, no. It's very difficult to assess across the board. But I would say most foreign governments bargain and get substantially more than what they pay for.

KOPPEL: Which would mean what, then? I mean let's say it bluntly.

LISKER: Well, it doesn't necessarily mean anything untoward. It may mean simply that the government is getting the kind of inside experience and access which would not be otherwise available to it, at a price which may seem ultimately to be a bargain.

KOPPEL: Well, all right, let me say it bluntly, then. Is that appropriate? I know it's not illegal, but is it appropriate?

LISKER: Well, again, it would depend on the situation. You know, Ted, every government is entitled to representation. They have official channels for representation. But some committees of the House and the Senate, most notably the Foreign Relations Committee, for example, in the Senate, prohibit foreigners from testifying before the committee. So they sometimes have to pursue other avenues. In trying to find their way around the bureaucracy in Washington, not only in matters affecting policy, but in sometimes very routine matters, they seek the best talent, the most able people that they can find who are available for a price.

These people are hired guns, contrary -- I would have to

disagree with Dick in the earlier segment. I believe they are hired guns.

KOPPEL: Hired guns to do what?

LISKER: Basically, to carry out the wishes of the foreign principal, and hopefully only so long as it's appropriate.

KOPPEL: And usually those foreign principals are, if not adversaries of the United States, at least in an economic framework, they are competitors of the United States. Is that right?

LISKER: Well, certainly in the introductory portion that you had on this show, the fact that Japan has invested so heavily in U.S. talent to deal in the economic sphere would be indicative of that.

KOPPEL: Michael Ledeen, you have served at the State Department. When you were at the State Department, if you were ever doing that again and you were conscious of someone else who was a former, previous Administration working in some manner, perfectly legal, but in some manner that was contrary to the policies that you were trying to pursue at that particular time, wouldn't that bother the hell out of you?

LEDEEN: Not any more than it would bother the hell out of me to find the same person in government advocating policies that I disagreed with.

I'm baffled a little bit by the problem. I can see perfectly clearly how one should and could worry about people disclosing information to foreign governments. And I think that Frank Snapp probably has a legitimate gripe, which is there is favoritism. Some people get better breaks than others.

I'm certainly not concerned about foreign governments and foreign companies using privileged channels, or what they conceive to be privileged channels, for getting their point across to the American government, or for learning how best to talk to the key people in the American government. In one sense, it saves us trouble. If they go to the right person, rather than 20 wrong people, first, they save our time as well as their own.

KOPPEL: Well, then, why don't we just have the State Department establish some kind of a unit made up of Foreign Service officers who are available to these foreign governments and foreign industries to make sure that they get to the right people?

LEDEEN: It's fine with me. If they want to form a

10

consulting firm of that nature, I have no objection to it. Why not, indeed?

KOPPEL: Well, let's ask about that.

Frank, why not?

SNEPP: Well, I don't think the State Department should be in the business of advising -- providing business advice to foreign governments.

KOPPEL: But remember now, we're talking, Frank, here about something that purports to be in the best interests of the United States anyway. No one's doing anything wrong here. These governments are spending hundreds of thousands of dollars, millions of dollars to get something that, we are hearing, the U.S. government probably wants them to get anyway.

SNEPP: I don't think we should be in the business of providing intelligence advice...

KOPPEL: Well, who says they're getting that?

SNEPP: Well, Mr. Ledeen, his particular consulting firm apparently was involved with the Italian intelligence outfit.

But there have been instances in which CIA officers, or former CIA officers have been involved in counseling foreign governments. You mentioned one, Saudi Arabia. There are some other examples on the record.

Larry Devlin (?), for instance, former CIA officer, has been involved in consulting with various businesses in Zaire. He was a station chief in Zaire, and he was at one point tied up with the Zairian intelligence apparatus.

KOPPEL: Is that legal?

SNEPP: I think this is, if not illegal, it certainly is ill-advised. Because what it does is to send a lot of very confusing signals to the Zairian intelligence apparatus. Just as an intelligence officer's involvement with, say, the Philippine, a former intelligence officer's involvement with the Philippine intelligence organization would confuse the signals that we are sending to the Philippine government.

KOPPEL: Gentlemen, forgive me, but we're going to have to take a break. When we come back I'm going to ask each of you very quickly to tell me what you think ought to be done if we're going to change anything.

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KOPPEL: A quick final question to each of our guests.

Gentlemen, if you could change one aspect of this process -- Michael Ledeen, you first -- what would it be?

LEDEEN: I would like to see a certain cooling-off period between the time a guy's in government and the time that he can take the particular knowledge that he has in government and apply it at the service of foreign governments. And I think this is particularly acute in the intelligence area.

But I think that the basic responsibility lies with government officials, because the government officials' doors are always going to be open and people are going to always walk through them. And the official is going to have to decide who to listen to and how long and what weight to give to them.

KOPPEL: Frank Snepp.

SNEPP: I would agree with that. I think probably intelligence officers ought not to be operating with a government with which they have been operating before when they leave the intelligence service, at least not for four years should they involve themselves in some kind of consultancy arrangement with that government.

Also, I would make sure that Congress is brought into the oversight process a little more actively. I don't think it is right now.

KOPPEL: All right.

Joel Lisker.

LISKER: Well, insofar as oversight is concerned, Senator Denton last year amended the Foreign Agents Act to bring congressmen within the purview of the conflict-of-interest statute. Moreover, he transferred from the State Department to the Justice Department the Neutrality Act, which had been ignored, basically, by the State Department since 1917.

Now, I think the problem, Ted, is more with the unregistered agent than with the agent. I mean it's clear that people like Bill Colby and others that you have mentioned, whose files are available and who are subject to the inspection requirements of the act, have a great deal to lose by not playing fairly with the Justice Department. So I think that, more often than not, they will. They will honor their commitment.

KOPPEL: Joel, I'm afraid we're fresh out of time....